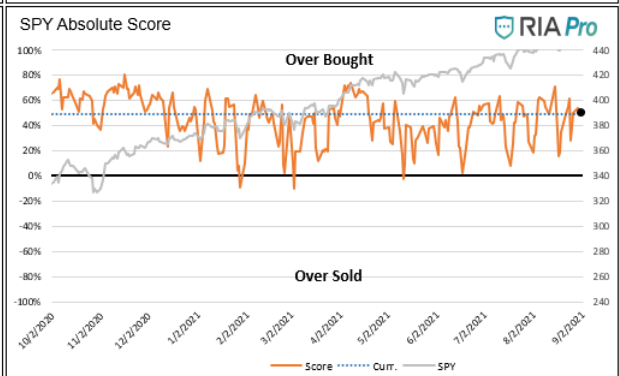
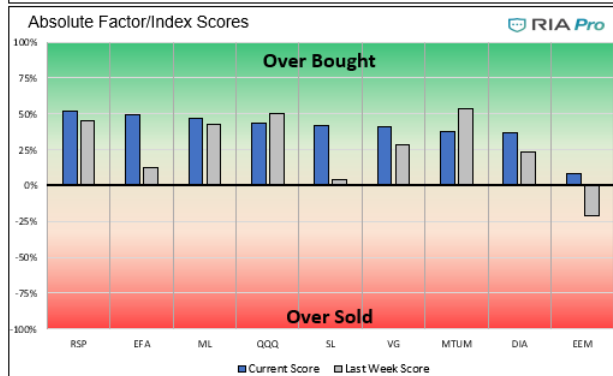
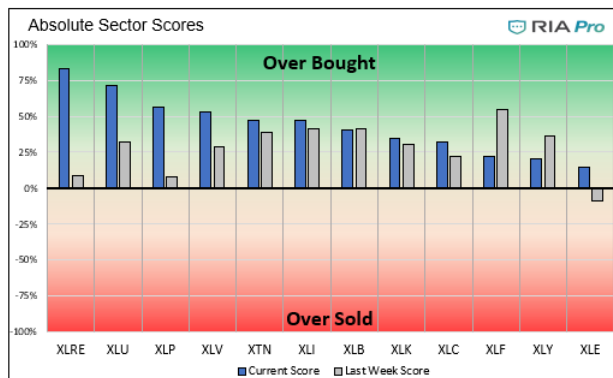
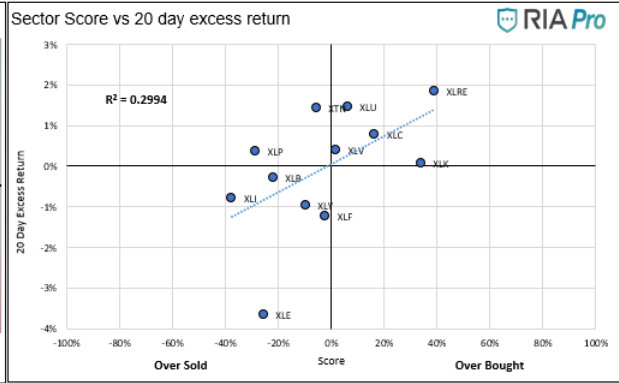
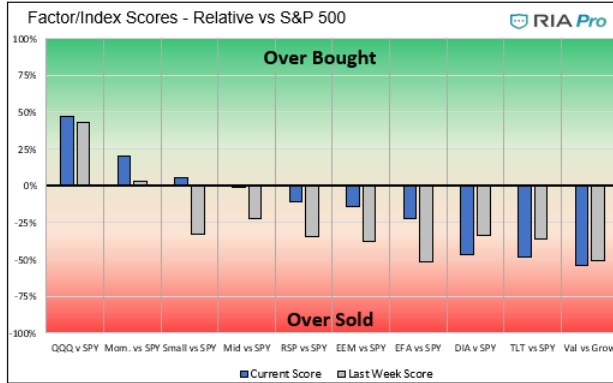
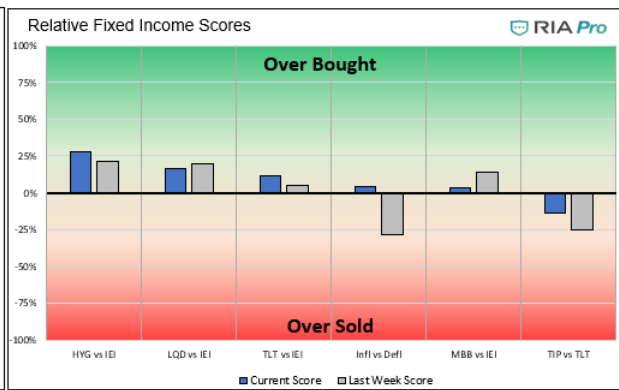
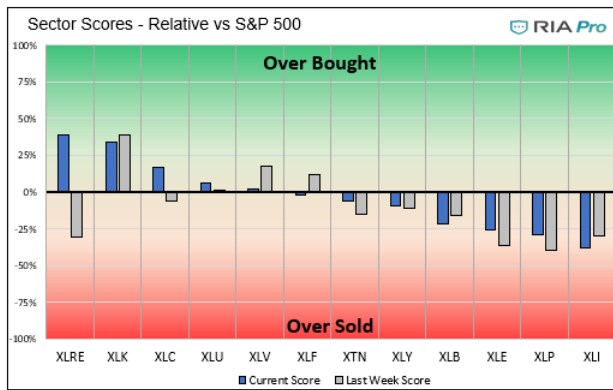


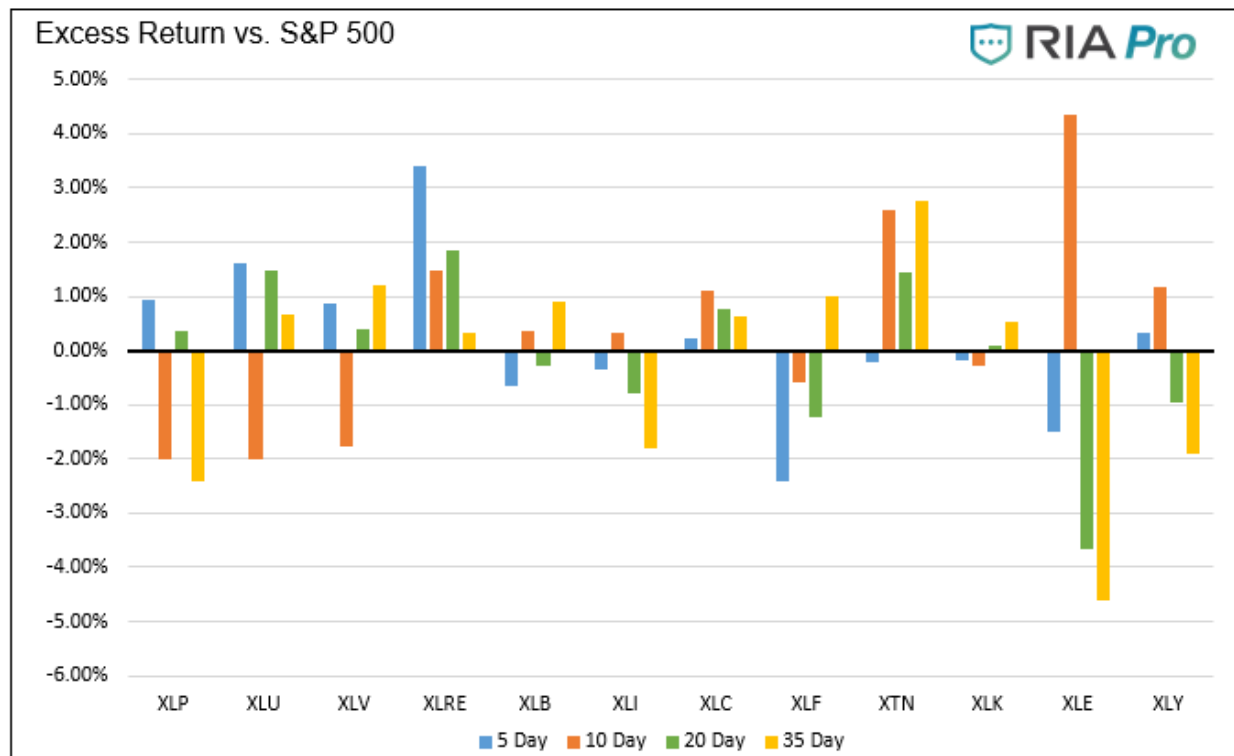
Relative Value Graphs

- Real estate was the clear winner this past week, beating the S&P by 3.4%. Comparing last week's relative score to this week, XLRE was the only sector with a meaningful change. The other conservative sectors that were performing well in prior weeks have fallen back. Over the last ten days staples, utilities and healthcare have given up about 2% to the S&P 500.
- The scatter plot comparing the RIA Pro technical score to each sector's 20-day excess return shows a very weak correlation. As we note in the past, this is a function of quick rotations between sectors and few dependable trends.
- Emerging and developed international markets improved on the week, but remain oversold. The value versus growth trade is the most oversold factor. This is a function of the poor performance of value stocks in general, but even more so, the relative strength of large-cap growth stocks.
- The third graph below highlights the rotations in and out of sectors nicely. Notice that most sectors show no discernable trends. For instance, staples (XLP) has a positive excess return versus the market over the last 5 and 20 days, but a negative return over the previous 10 and 35 days. This holds for most sectors except real estate, communications, and transportation stocks.

Absolute Value Graphs

- Real estate is not only the most overbought sector on an absolute basis but is now well into deeply oversold territory with a score of 83%. Utilities are close to similar overbought levels as well, signaling there is a chase for dividend yield. Caution is warranted in both sectors.
- For the first time in a long time, all sectors and factors/indexes are overbought. The largest moves last week came in real estate, utilities, and staples. The real estate sector is nearing three standard deviations above its 50 dma, and two above its 200 day. Again, with the combination of our oversold level and its distance from key moving averages, exercise caution. Utilities, healthcare, and energy are at least two standard deviations above their respective 200 dmas.
- The S&P 500 is also overbought and at similar levels as most factors and indexes.





Users Guide

The technical value scorecard report is one of many tools we use to manage our portfolios. This report may send a strong buy or sell signal, but we may not take any action if other research and models do not affirm it.

The score is a percentage of the maximum score based on a series of weighted technical indicators for the last 200 trading days. Assets with scores over or under +/-70% are likely to either consolidate or change the trend. When the scatter plot in the sector graphs has an R-squared greater than .60 the signals are more reliable.

The first set of four graphs below are relative value-based, meaning the technical analysis is based on the ratio of the asset to its benchmark. The second set of graphs is computed solely on the price of the asset. At times we present ?Sector spaghetti graphs? which compare momentum and our score over time to provide further current and historical indications of strength or weakness. The square at the end of each squiggle is the current reading. The top right corner is the most bullish, while the bottom left corner is the most bearish.

The ETFs used in the model are as follows:

- Staples XLP
- Utilities XLU
- Health Care XLV
- Real Estate XLRE
- Materials XLB
- Industrials XLI
- Communications XLC
- Banking XLF
- Transportation XTN
- Energy XLE
- Discretionary XLY

- S&P 500 SPY
- Value IVE
- Growth IVW
- Small Cap SLY
- Mid Cap MDY
- Momentum MTUM
- Equal Weighted S&P 500 RSP
- NASDAQ QQQ
- Dow Jones DIA
- Emerg. Markets EEM
- Foreign Markets EFA
- IG Corp Bonds LQD
- High Yield Bonds HYG
- Long Tsy Bonds TLT
- Med Term Tsy IEI
- Mortgages MBB
- Inflation TIP
- Inflation Index- XLB, XLE, XLF, and Value (IVE)
- Deflation Index- XLP, XLU, XLK, and Growth (IWE)